



NATIONAL HEMOPHILIA FOUNDATION
for all bleeding and clotting disorders

Rules Regarding Pre-existing Condition and Rescissions

The Interim Final Rules also addressed the Patient Protection and Affordable Care Act (PPACA) provisions that prohibit denial of coverage based on a pre-existing condition and the provision that prohibits policy rescissions.

Exclusion or Denial of Coverage Based on Pre-existing Conditions

Unlike the HIPAA pre-existing condition prohibition, which allows limited pre-existing condition exclusion periods, the PPACA prohibits *any* exclusion of coverage for pre-existing conditions and applies the prohibition to both individual and group insurance and to group health plans (self-funded plans). The new law also goes further than HIPAA in that it forbids health issuers and group health plans from denying coverage in general based on a pre-existing condition.

The pre-existing condition exclusion prohibition becomes effective for individuals younger than 19 years old on the first day of the new plan or policy year that occurs on or after September 23, 2010. For individual policies, that means the day benefits become effective on a new plan, or the first day of the renewal year for an existing plan. For group plans, it means the effective date of the new plan year. For many group plans the new plan year starts on January 1, but the dates do vary and will usually follow the plan's open enrollment period. The prohibition becomes effective for adults on the first day of the new policy or plan year that occurs on or after January 1, 2014.

Rescissions

The Interim Final Rules also implement the PPACA's language addressing rescissions of health coverage (i.e., cancellation of coverage retroactively based on claims history). According to the new rules, an insurer or health plan can only rescind coverage of individuals involved in fraud or intentional misrepresentations of material fact. Previously, coverage could be rescinded if there was an accidental misrepresentation (or error) on an application. State laws that are more protective of individuals than the new federal law will not be preempted.